

## QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 JUNE 2023

Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes** or the **Company**) provides its quarterly activities report for the period ending 30 June 2023, including a summary of its operational activities at the Beyondie Sulphate of Potash (**SOP**) Mine (**Beyondie** or **BSOPM**).

- **SOP production for June quarter** of 2,747 tonnes, highest quarterly production to date surpassing the previous quarterly record by 54% (Mar-23 quarter 1,784 tonnes).
- **Continued to execute the Plant Performance Improvement Plan (PIIP):**
  - Second heat exchanger tied into the plant during July maintenance shutdown. Commissioning underway and targeted to be completed by early August 2023.
  - Hammer Mill change out of worn parts completed successfully during the July shutdown.
  - Additional works undertaken to optimise performance and increase throughput towards design rates.
- **Upstream operations performed in line with expectations:**
  - Brine production and grade remain satisfactory at 278,000 m<sup>3</sup> with grade averaging 6,185 mg/L of K.
  - Harvest output for June 2023 quarter was 66kt of KTMS and 201kt of waste salt.
  - ROM pad remains healthy with 115.6kt of KTMS.
  - Wet weather mitigation plan successfully handled over 150mm of local rainfall at the end of March and early April, with harvesting recommenced shortly after the rains.
- **Revised production rate ramp up targets in line with PIIP progress:**
  - 55ktpa production rate (approx.) targeted during December 2023 quarter.
  - Annual actual production of 50-60kt (approx.) targeted in FY24.
  - 90ktpa production rate (approx.) targeted for September 2024 quarter.
  - Expected material increase in operational costs due to resourcing and inflation pressures.
  - Additional long-term funding for Beyondie will be required to achieve targeted annual production of 90-100ktpa.
- **Liquidity Facility draw down and Strategic Process:**
  - The Company's Lenders approved a Liquidity Facility drawdown of \$5 million in June (bringing the total drawn under this facility to \$15 million), alongside commencement of a strategic process in conjunction with the Lenders.
  - Remaining \$5 million Liquidity Facility drawdown is at Lenders' discretion, subject to the strategic process and assessment by the Lenders of Beyondie's ramp up performance.
  - Argonaut PCF appointed as Financial Advisor to explore potential strategic and corporate opportunities to reposition the Company and capital structure to maximise value.
  - Kalium Lakes will remain in suspension until it completes the current strategic process which is continuing as planned.
  - Cash balance at 30 June 2023 was approximately \$3.2 million. Approx. \$2.8 million net cash received subsequent to quarter end pursuant to the revised arrangements agreed with Ebtec GbR (**Ebtec**) (announced 24 July 2023).
- **Corporate:**
  - The Company confirms change of registered address and principal place of business, effective 31 July 2023.

**Kalium Lakes acting Chief Executive Officer, Jason Morin, said:**

*“We continue to make progress in ramping up plant production, achieving our highest quarterly production of SOP to date. This represents two consecutive quarters in which we have been able to significantly increase our SOP production and cash receipts to new record levels.*

*“Importantly, we achieved this safely. The June Quarter completes a full year without a lost time injury, which is another significant milestone showing the commitment of our workforce to improving performance while maintaining safety at the forefront.*

*“The improved production rate is a direct outcome of progressing the implementation of the plant performance improvement plan. During the planned July shutdown, the team successfully tied in the new R10 heat exchanger to the SOP plant which will provide additional cooling capacity in the schoenite circuit. This lack of cooling capacity was limiting the feed throughput rate that could be achieved. The final commissioning of the heat exchanger is underway and expected to be completed in August.*

*“With these changes and the continued implementation of the improvement plan, we expect production to continue to ramp up significantly over the coming quarters. We are also working closely with our Lenders and Argonaut to progress the strategic process to support Beyondie and maximise value for all stakeholders.”*



**Beyondie SOP plant, June 2023**

## Beyondie Sulphate of Potash Mine

### Health and Safety

Zero lost time injuries were recorded during the June 2023 quarter. For the 12 months ended 30 June 2023 the Company reported a Total Recordable Injury Frequency Rate (**TRIFR**) of 11.8 and a Lost Time Injury Frequency Rate (**LTIFR**) of 0.0 for the same period.

### Key Operating Statistics

<b>SOP Production and Sales</b>	<b>Jun 2023 Qtr</b>	<b>Mar 2023 Qtr</b>
SOP produced (t)	2,747	1,784
SOP sold (t)	2,200	1,351
<b>SOP Inventory</b>	<b>Jun 2023 Qtr</b>	<b>Mar 2023 Qtr</b>
SOP in transit for sale (t)	424	208
SOP inventory on site (t)	831	500
<b>Total SOP inventory (t)</b>	<b>1,255</b>	<b>708</b>
<b>KTMS Output and Plant Feed</b>	<b>Jun 2023 Qtr</b>	<b>Mar 2023 Qtr</b>
KTMS harvested (t)	66,000	90,100
KTMS fed into SOP plant (t)	82,200	40,700
<b>KTMS ROM Stockpiles</b>	<b>Jun 2023 Qtr</b>	<b>Mar 2023 Qtr</b>
KTMS ROM stockpile – design (or above) grade (t)	79,900	56,000
KTMS ROM stockpile – lower grades for blending (t)	35,700	75,800
<b>Total KTMS stockpile (t)</b>	<b>115,600</b>	<b>131,800</b>
<b>Waste Salt Harvesting</b>	<b>Jun 2023 Qtr</b>	<b>Mar 2023 Qtr</b>
Waste salt harvested (t)	201,200	247,700

### SOP Product Sales

All sales in the June 2023 quarter were made via exports through the Company's offtake partner, K+S Asia Pacific (**K+S**). Total SOP sales for the quarter continued an increasing trend, amounting to 2,200 tonnes (Mar-23 quarter: 1,351 tonnes), resulting in provisional receipts from customers of \$2.0 million (Mar-23 quarter: \$1.37 million). The average realised price for the quarter was \$909/tonne FOB (Mar-23 quarter: \$1,016/tonne FOB) and reflected market price trends.



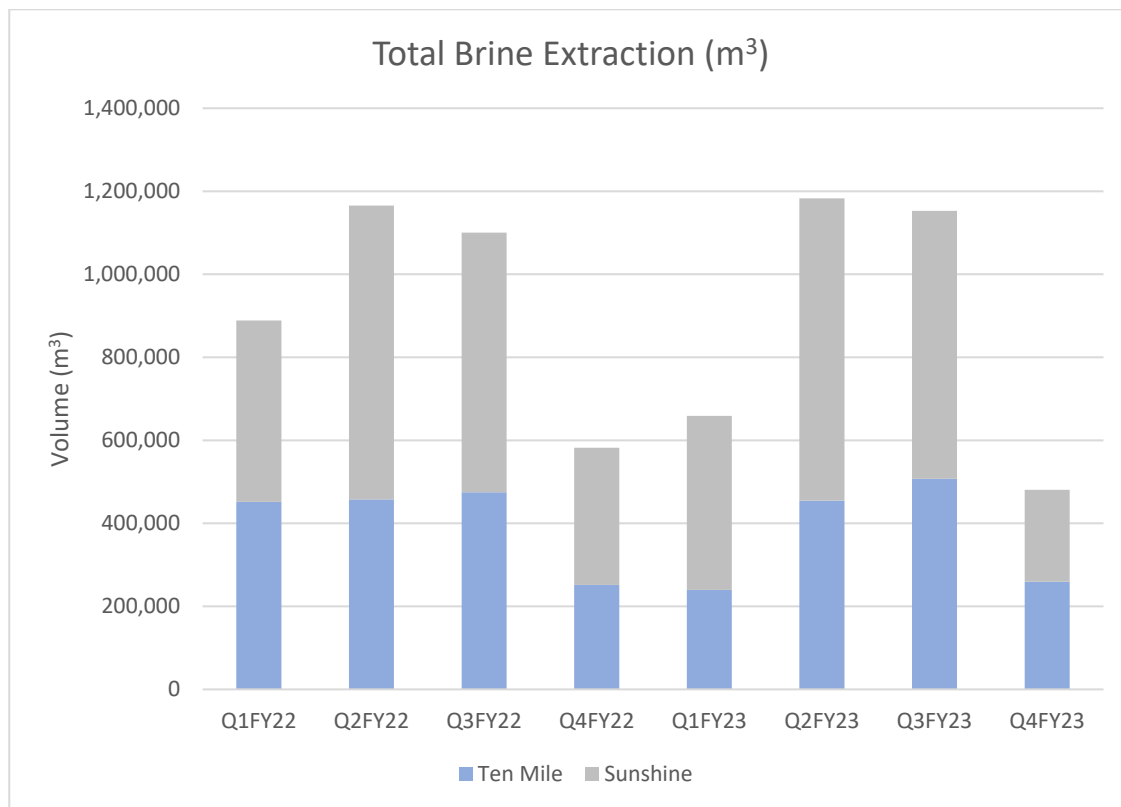
**Bulk loads and bags of SOP awaiting collection in the Beyondie product shed, June 2023**



## Upstream Operations

### Borefield & Trenching Operations

Flow rates for the June 2023 quarter averaged approximately 61 L/s, producing around 480,711 cubic metres (m<sup>3</sup>) of brine at an average potassium (K) grade 6,261 mg/L. The reduced extraction in comparison to the prior quarter was expected due to the significant rainfall event which occurred in late March and early April, producing more than 150mm of rain over a 7-10 day period.



As a result of the rainfall event, all trenches at Ten Mile and Sunshine were filled. As the trench levels reduce, natural superficial ground water is expected to improve the grade. Measures are in place to manage blending of trenches and deep groundwater bores to manage overall grades in the pre-concentrator ponds which had naturally depleted following high evaporation from the summer months.



Ten Mile Trench, June 2023

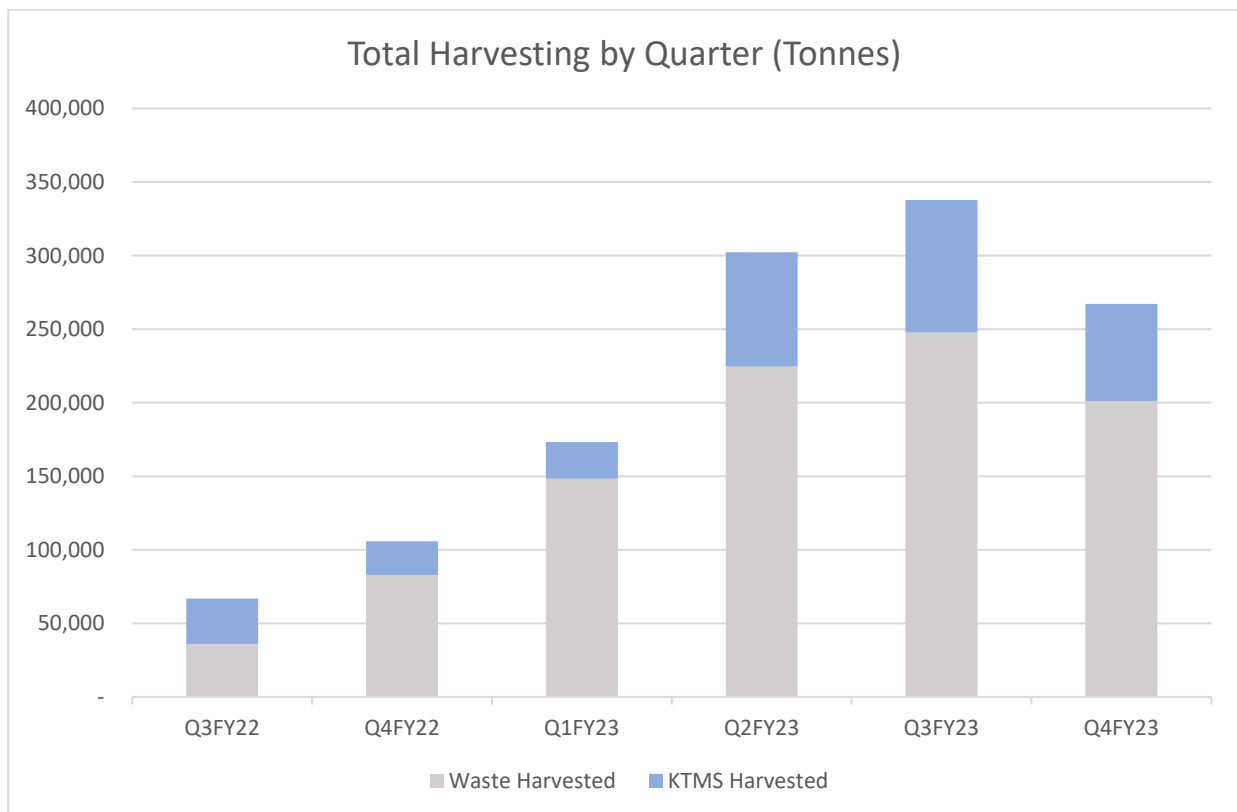


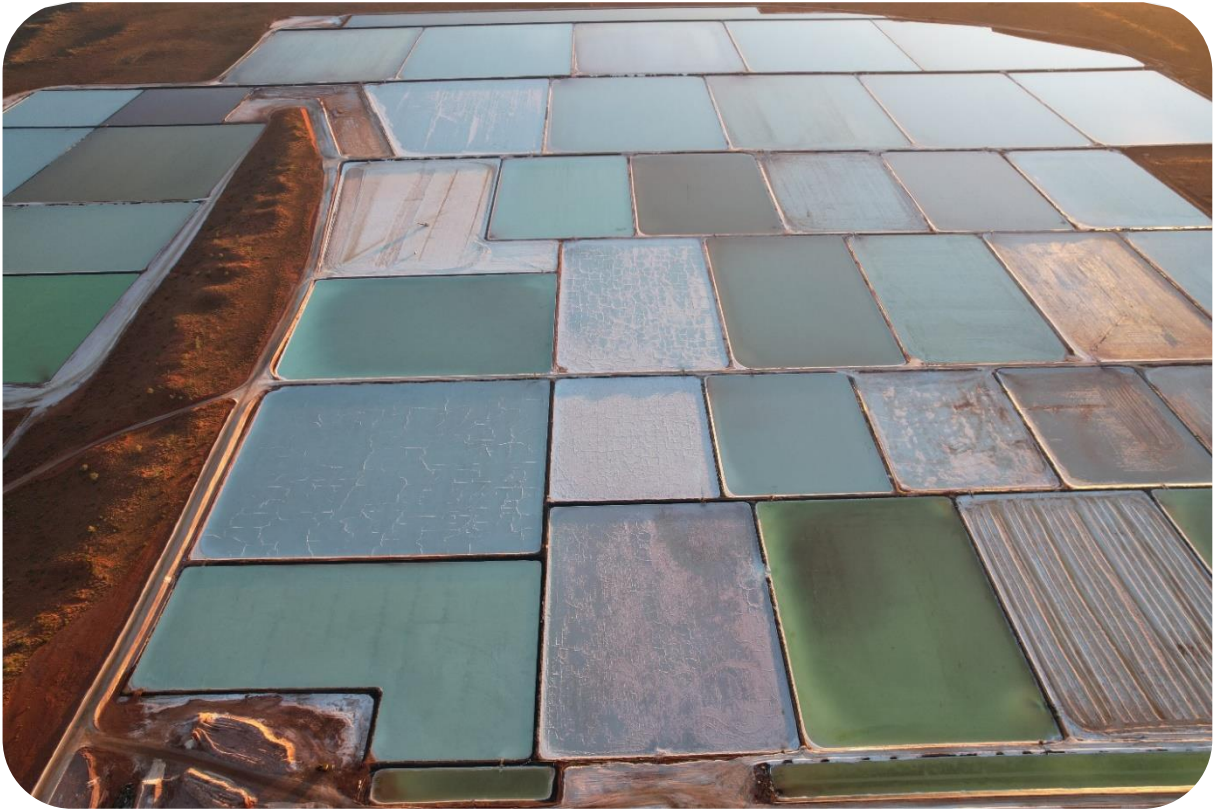
Ten Mile pre-concentrator pond, June 2023

### Pond Operations

The harvest for the June 2023 quarter was 66kt of kainite type mixed salt (**KTMS**) and 201kt of waste salt, in line expectations for the quarter. As of 30 June 2023, the inventory of KTMS on the run-of-mine (**ROM**) pad had increased to 115.6kt.

Following the precipitation event referred to above, the wet-weather mitigation plan for the evaporation ponds was activated by the Beyondie team. These countermeasures and controls were enacted to preserve the KTMS in the ponds and drain-off surface (fresh) rainwater, accelerating the return to harvesting within a matter of days. This plan was developed following the significant rain event in May and June 2022, and has been effective in mitigating delay and quality impacts from the recent heavy rainfall.





**Evaporation ponds, June 2023**

### ***SOP Plant Operations and Production***

SOP production for the June 2023 quarter was 2,747 tonnes, comprising monthly SOP production amounts of 1,026 tonnes in April, 1,053 tonnes in May, and 668 tonnes in June. The June 2023 quarter production rates represent a significant increase in the average run rate from prior quarters, and the highest quarter of SOP production to date. June production was impacted by interruptions due to wet mill performance and KTMS feed blends. Wet mill performance has significantly improved following the planned July maintenance shutdown, and problematic KTMS feed blend sources have been identified and managed.

As reported previously, Beyondie's PPIP implementation remains in progress and involves systematic investigation, modification, and optimisation in the schoenite and flotation circuits with a focus on temperature control, conditioning, froth mobility, and aeration as follows:

- **Conditioning:**
  - The temporary conditioning tanks delivered to site suffered structural issues and, as a result, the temporary static mixer was re-installed.
  - Life of mine (steel) conditioning tank is currently being engineered with implementation targeted during Q4 CY23.
- **Froth mobility:**
  - The froth launder ring on cell #1 was replaced with the improved design installed on cell #2, with measurable improvement in recovery.
- **Aeration:**
  - Various trials on flotation cells took place during the June quarter and will continue into the September quarter.
- **Temperature:**
  - The second heat exchanger was procured with the assistance of the Company's technical partner Ebtec, and was delivered to site during June and tied into the plant during the planned maintenance shutdown in July. Commissioning is targeted to be completed in August.



Flotation recovery rates through the June 2023 quarter averaged 62%, with July to date averaging 66% versus design flotation recovery rates of 85-88%.



**Flotation cell with froth launder in operation, June 2023**



**Second heat exchanger and equipment on site and tied into plant, July 2023**



## ***Production Targets and Funding Requirements***

As previously advised:

- the Company is now targeting an approximate 55ktpa production rate during the December 2023 quarter;
- additional capital works have been identified to the three main operating areas of brine supply, ponds operations, and the SOP plant, in order to target an annual production output of approximately 50-60kt in FY24;
- nameplate capacity production rate of 90ktpa is now targeted for the September 2024 quarter;
- increases in production resource requirements and inflationary cost pressures are expected to contribute to higher operating costs; and
- as a result, additional long-term funding for Beyondie will be required over the next two financial years during ramp up to achieve targeted annual production of 90-100ktpa.

Improvements to the plant and production ramp up will continue to be assisted by Ebtec, who are providing full technical support from Germany and onsite as required under the new services agreement announced to the ASX on 24 July 2023.

## ***SOP Product Certification***

Kalium Lakes was pleased to announce during the quarter that its Beyondie SOP product was certified by Southern Cross Certified Australia under its “SXC Allowed Input Scheme” as suitable for use in organic production systems certified to the National Standard for Organic and Bio-Dynamic Produce, and AS 6000 – Organic and Biodynamic Products. Please refer to the following webpage on the Kalium Lakes website for further details: <https://www.kaliumlakes.com.au/sop-product-certification/>.



**Beyondie SOP Plant, June 2023**

## ***Potash market update***

Market SOP prices fell during the June 2023 quarter, led by a decline in Muriate of Potash (**MOP**) prices following tenders by large suppliers to China concluding at US\$307/tonne for MOP. As a consequence, Asian SOP prices also fell during the quarter, with the average SOP price realised by Kalium Lakes falling from A\$1,016/tonne FOB in the March 2023 quarter to A\$909/tonne FOB in the June 2023 quarter.



## ***Mineral Resources and Ore Reserve Estimate***

On 14 October 2022, Kalium Lakes released its Mineral Resource and Ore Reserve Estimates as at 30 June 2022 for Beyondie, which reported:

- an overall increase in Mineral Resources, including a 5.6% increase in Measured SOP Resources and a 1.4% increase in Indicated SOP Resources as at 30 June 2022 (relative to the prior year and after abstraction depletion); and
- a decrease in Ore Reserves as at 30 June 2022 by 2.75% over the preceding 12 months following incorporation of abstraction depletion.

The Mineral Resource and Ore Reserve Estimates as at 30 June 2022 were included in the Company's 2022 Annual Report which was released to the ASX on 25 October 2022.

Kalium Lakes confirms that it is not aware of any new information or data that materially affects the Mineral Resource and Ore Reserve information included in the Company's 2022 Annual Report which was released to the ASX on 25 October 2022 and, in the case of the Mineral Resource estimate, the Ore Reserve estimate and Exploration Target, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

## ***Corporate and Financial***

### **Chief Executive Officer**

During the quarter, Kalium Lakes advised that Mr Len Jubber resigned as Chief Executive Officer (**CEO**) of Kalium Lakes, effective 4 April 2023.

The Company advised that Mr Jason Morin, the Company's General Manager Operations, was appointed as acting CEO. Jason is an experienced mining professional with deep understanding of the Company's culture, its strategy, markets, and customers, having been in his current role since August 2022.

Jason holds a Master of Business Administration, qualifications in mining and minerals engineering and was most recently WA Manager of Mines for Alcoa, and prior to that General Manager Operations at St Barbara where he championed a transformation at the Leonora Operations. Mr Morin is Canadian-born and has worked in several countries including Canada, France, USA, Indonesia, Ireland, and Australia, having made Perth his home for the past few years.

Kalium Lakes' Non-Executive Chair, the Hon. Cheryl Edwardes, said: *"Jason is an exceptional leader, and combined with his extensive and detailed experience across Kalium Lakes' operations, risk management, and corporate functions, he is the ideal person to lead the Company. It is pleasing to have appointed an internal successor which demonstrates the talent within the leadership team."*

### **Directors**

During the quarter, the Company advised that Mr Mark Sawyer resigned as a Director of Kalium Lakes, effective 3 June 2023. The Board of Kalium Lakes thanked Mr Sawyer for his contribution to the Company as a Director over his 3-year tenure.

The Board's composition remains as a majority of independent Non-Executive Directors, with a wide range of skills required to advance the Company's Beyondie SOP Mine.

## Liquidity and Funding

On 14 June 2023, the Company announced that following continued discussions with its senior lenders, Northern Australia Infrastructure Facility (**NAIF**) and KfW IPEX-Bank GmbH (**KfW**) (together, the **Lenders**), the Lenders agreed to make available for drawdown the remaining \$10 million of the \$20 million liquidity facility (**Liquidity Facility**).

The continued access to the Liquidity Facility was made available in two stages:

- i. An initial \$5 million drawn down by the Company on 16 June 2023, alongside the commencement of a strategic process by Kalium Lakes in conjunction with the Lenders.
- ii. The remaining \$5 million available at the Lenders' discretion and subject to the progress of the strategic process and continued assessment by the Lenders of the plant's current ramp up performance.

The Company also announced in June that it had appointed Argonaut PCF as its independent financial advisor to conduct its strategic process and evaluate all relevant strategic and corporate opportunities to reposition the Company and its capital structure for the longer term, or otherwise maximise value.

As at 30 June 2023, shortly after the first \$5 million drawdown of the Liquidity Facility (per (i) above), Kalium Lakes had approximately \$204.6 million of senior debt drawn with NAIF and KfW, with an additional undrawn debt capacity of \$5 million from the Liquidity Facility (per (ii) above), and a further \$2.6 million available under the project term Facility A provided by KfW set aside for final contractor payments.

On 24 July 2023, the Company announced that as part of the settlement arrangements agreed with Ebtec, that it had drawn down approximately EUR €1.217 million (equivalent to \$2.0 million) from the KfW Facility A, which now has a remaining undrawn amount of \$0.60 million, which is set aside for final contractor payments (excluding Ebtec).

As part of the settlement agreement and revised arrangements with Ebtec, Kalium Lakes received net cash of approximately EUR €1.74 million (equivalent to ~\$2.8 million) subsequent to quarter end. The Company is also pursuing additional sources of working capital in the near term including its research and development (R&D) tax incentive application in relation to its FY22 activities (targeted receipt in 2H CY23).

## Payments to Related Parties

During the quarter, the Company paid salaries and wages of \$0.115 million to its directors. Further, payments totalling \$2.71 million were made during the quarter to a company related to non-executive director, Mr Brent Smoothy, for construction, salt harvesting, and haulage services under contracts previously awarded following arm's length tender processes.

## Securities on Issue

The Company had the following securities on issue as at 30 June 2023:

- 2,031,712,214 ordinary shares;
- 13,837,436 performance rights; and
- 5,000,000 options exercisable at A\$0.50 each, expiring on 30 June 2025.

On 24 July 2023 the Company announced the issue of 17,677,493 performance rights to Ebtec, bringing the total number of performance rights on issue at that date to 31,514,929.



## Suspension from Trading

On 2 June 2023, Kalium Lakes placed its securities in a trading halt, which was followed by an announcement on 6 June 2023 that the Company's securities would be suspended from trading. The suspension from trading was extended by the Company on 14 June 2023 until the earlier of a release of an announcement in relation to the outcome of the strategic process and the commencement of trading on 31 July 2023.

On 28 July 2023, the Company announced to the ASX a request to extend the suspension from trading until the earlier of a release of an announcement in relation to the outcome of the strategic process and the commencement of trading on 31 October 2023. This request was granted by the ASX on 31 July 2023.

## Change of Registered Address and Principal Place of Business

The Company advises that, effective 31 July 2023, it changed the address of its registered office and principal place of business to:

Unit 1A, 146 Balcatta Road  
Balcatta WA 6021  
Australia

All other contact details remain the same:

*Postal Address:*

PO Box 610  
Balcatta WA 6914  
Australia

*Telephone:* +61 (0)8 9240 3200

## Tenement interests

### Beyondie Sulphate of Potash Mine (100% owned)

Tenement	Tenement Name	Holder	State	Status	Application /Grant Date	KLL Interest
<b>Exploration Licences</b>						
E52/3956	Access Rd FW A	KLP	WA	Pending	24-5-2021	100%
E52/3957	Access Rd FW B	KLP	WA	Pending	24-5-2021	100%
E52/4038	Access Rd FW C	KLP	WA	Pending	7-Jan-2022	100%
E69/4052	Kendenura Hill	KLP	WA	Pending	15-6-2022	100%
E69/4098	Ten Mile Lake	KLP	WA	Pending	5-9-2022	100%
E69/3306	Yanneri-Terminal	KLP	WA	Granted	17-3-2015	100%
E69/3309	10 Mile Beyondie-	KLP	WA	Granted	17-4-2015	100%
E69/3339	West Central	KLP	WA	Granted	22-6-2015	100%
E69/3340	White	KLP	WA	Granted	22-6-2015	100%
E69/3341	West Yanneri	KLP	WA	Granted	11-8-2015	100%
E69/3342	Aerodrome	KLP	WA	Granted	22-6-2015	100%
E69/3343	T Junction	KLP	WA	Granted	22-6-2015	100%
E69/3344	Northern	KLP	WA	Granted	22-6-2015	100%
E69/3345	Wilderness	KLP	WA	Granted	22-6-2015	100%

Tenement	Tenement Name	Holder	State	Status	Application /Grant Date	KLL Interest
E69/3346	NE Beyondie	KLP	WA	Granted	11-8-2015	100%
E69/3347	10 Mile South	KLP	WA	Granted	11-8-2015	100%
E69/3348	North Yanneri-Terminal	KLP	WA	Granted	11-8-2015	100%
E69/3349	East Central	KLP	WA	Granted	22-6-2015	100%
E69/3351	Sunshine	KLP	WA	Granted	31-8-2015	100%
E69/3352	Beyondie Infrastructure	KLP	WA	Granted	31-8-2015	100%
E69/3594	10 Mile West	KLP	WA	Granted	26-07-2019	100%
<b>Miscellaneous Licences</b>						
L52/162	Access Road	KLI	WA	Granted	30-3-2016	100%
L52/186	G N Hwy Access Road	KLI	WA	Granted	30-5-2018	100%
L52/187	Comms Tower 2	KLI	WA	Granted	30-5-2018	100%
L52/193	Kumarina FW 2	KLP	WA	Granted	13-8-2018	100%
L69/28	Access Road Diversion	KLI	WA	Granted	7-8-2018	100%
L69/29	Access Road Village	KLI	WA	Granted	7-8-2018	100%
L69/30	Comms Tower 1	KLI	WA	Granted	30-5-2018	100%
L69/31	Sunshine Access Road	KLP	WA	Granted	7-8-2018	100%
L69/32	10MS FW A	KLP	WA	Granted	14-8-2018	100%
L69/34	10MS FW B	KLP	WA	Granted	14-8-2018	100%
L69/35	10MS FW C	KLP	WA	Granted	17-12-2018	100%
L69/36	10MS FW D	KLP	WA	Granted	17-12-2018	100%
L69/38	Access Road "S" Bend	KLI	WA	Granted	30-1-2019	100%
L69/40	10 Mile Airstrip	KLI	WA	Granted	8-2-2019	100%
L69/41	10 Mile Village	KLI	WA	Granted	8-2-2019	100%
L69/46	10MS FW E	KLP	WA	Granted	8-2-2021	100%
L69/47	10MS FW F	KLP	WA	Granted	27-7-2021	100%
L69/48	10MS FW G	KLP	WA	Granted	27-7-2021	100%
L69/52	Ten Mile Expansion 1	KLP	WA	Granted	31-3-22	100%
L69/53	Ten Mile Expansion 2	KLP	WA	Granted	31-3-22	100%
L69/54	Sunshine Expansion 1	KLP	WA	Granted	31-3-22	100%
L69/55	Sunshine Expansion 2	KLP	WA	Granted	31-3-22	100%
L69/59	Sunshine Access Rd A	KLP	WA	Granted	15-7-22	100%
L69/60	Sunshine Access Rd B	KLP	WA	Granted	15-7-22	100%
L69/61	Sunshine Access Rd C	KLP	WA	Granted	15-7-22	100%
<b>Mining Leases</b>						
M69/145	10 Mile	KLP	WA	Granted	6-6-2018	100%
M69/146	Sunshine	KLP	WA	Granted	6-6-2018	100%
M69/148	10 Mile West	KLP	WA	Granted	10-11-21	100%
<b>Gas Pipeline</b>						
PL117	Gas Pipeline	KLI	WA	Granted	7-11-2018	100%



## Dora / Blanche (100% Owned)

The Company has applied for exploration licences that could, if granted, introduce the Dora/Blanche Prospect as a new prospective area for potassium exploration.

Tenement	Tenement Name	Holder <sup>1</sup>	State	Status	Application/ Grant Date	KLL Interest
E45/4436	Dora	Rachlan	WA	Pending	13-8-2014	100%
E45/4437	Blanche	Rachlan	WA	Pending	13-8-2014	100%

1. Kalium Lakes Potash Pty Ltd (**KLP**) entered into a declaration of trust with Rachlan Holdings Pty Ltd (**Rachlan**) whereby Rachlan will hold, for the benefit of KLP, certain exploration licence applications and deal with the applications as directed by KLP (including transferring title).

## Carnegie Potash Project (Joint Venture)

The Carnegie Joint Venture (**CJV**) is located approximately 220 kilometres east-north-east of Wiluna. The CJV comprises one granted exploration licence and five (5) exploration licence applications (set out in the table below) covering a total area of approximately 3,040 square kilometres.

The CJV is a Joint Venture between Kalium Lakes, through its 100% subsidiary Carnegie Potash Pty Ltd (**CP**, 70% Interest) and BCI Minerals Limited (**BCI**, 30% interest) (together the **CJV Partners**). Under the terms of the agreement BCI can earn up to a 50% interest in the CJV by predominantly sole-funding exploration and development expenditure across several stages. CP is the manager of the CJV.

On 5 May 2023, the Western Australian Government announced that a new nature reserve had been created at Lake Carnegie. The location of the new nature reserve overlaps with a large part of the exploration licence applications held by the CJV per the table below and is expected to have a significantly detrimental impact on the potential development of the Carnegie Potash Project. As a result, on 28 July 2023, the CJV Partners agreed to surrender its one granted exploration licence, effective immediately, and take steps to eventually withdraw from the five pending tenements in application and wind up the CJV.

Tenement	Tenement Name	Holder <sup>1,2</sup>	State	Status	Application/ Grant Date	KLL Interest
E38/2995	Carnegie East	Carnegie Potash	WA	Granted	31-7-2015	70%
E38/2973	Carnegie Central	Rachlan	WA	Pending	22-8-2014	70%
E38/2982	Carnegie West	Rachlan	WA	Pending	1-9-2014	70%
E38/3295	Carnegie South West	KLP	WA	Pending	10-1-2018	70%
E38/3296	Carnegie South East	KLP	WA	Pending	10-1-2018	70%
E38/3297	Carnegie North	KLP	WA	Pending	10-1-2018	70%

1. CP is a wholly owned subsidiary of Kalium Lakes and is the entity which holds the Company's interest in the CJV.
2. KLP entered into a declaration of trust with Rachlan whereby Rachlan will hold, for the benefit of KLP, certain exploration licence applications and deal with the applications as directed by KLP.

## Forward looking statements

Certain information in this document refers to the intentions of Kalium Lakes, but these are not intended to be forecasts, forward looking statements or statements about the future matters for the purposes of the Corporations Act or any other applicable law. The occurrence of the events in the future are subject to risk, uncertainties and other actions that may cause Kalium Lakes' actual results, performance, or achievements to differ from those referred to in this document. Accordingly, Kalium Lakes and its affiliates and their directors, officers, employees, and agents do not give any assurance or guarantee that the occurrence of these events referred to in the document will actually occur as contemplated.

Statements contained in this document, including but not limited to those regarding the possible or assumed future costs, performance, dividends, returns, revenue, exchange rates, potential growth of Kalium Lakes, industry growth or other projections and any estimated company earnings are or may be forward looking statements. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Kalium Lakes. Actual results, performance, actions, and developments of Kalium Lakes may differ materially from those expressed or implied by the forward-looking statements in this document. Such forward-looking statements speak only as of the date of this document.

There can be no assurance that actual outcomes will not differ materially from these statements. To the maximum extent permitted by law, Kalium Lakes and any of its affiliates and their directors, officers, employees, agents, associates, and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumption;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability, or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

\*\*\* ENDS \*\*\*

This announcement was approved and authorised for release by the Board of Kalium Lakes Limited.

## Kalium Lakes Limited



ABN: 98 613 656 643  
ASX: KLL



### Board of Directors:

Hon. Cheryl Edwardes	Non-Executive Chairperson
Brent Smoothy	Non-Executive Director
Sam Lancuba	Non-Executive Director
Robert Adam	Non-Executive Director
Simon Wandke	Non-Executive Director



### Contact Details:

Kalium Lakes Limited  
Unit 1A, 146 Balcatta Road  
BALCATTWA WA 6021

PO Box 610  
BALCATTWA WA 6914

Web: [www.kaliumlakes.com.au](http://www.kaliumlakes.com.au)  
Tel: +61 (0)8 9240 3200



### Acting Chief Executive Officer

Jason Morin

### Chief Financial Officer:

Jason Shaw

### Company Secretaries:

Loren King  
Jason Shaw

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace Perth, WA 6000  
Tel: (within Australia): 1300 850 505  
Tel: (outside Australia): +61 3 9415 4000



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

<b>Kalium Lakes Limited</b>
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ABN

<b>98 613 656 643</b>
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Quarter ended ("current quarter")

<b>30 June 2023</b>
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<b>Consolidated statement of cash flows</b>	<b>Current quarter (June 2023) \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,004	6,439
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(1,185)	(5,808)
(c) production (including capitalised opex)	(9,039)	(36,942)
(d) staff costs	(3,914)	(15,436)
(e) administration and corporate costs	(777)	(4,032)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	268	512
1.5 Interest and other costs of finance paid	-	(4,514)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(12,642)</b>	<b>(59,781)</b>

Consolidated statement of cash flows	Current quarter (June 2023) \$A'000	Year to date (12 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(2,564)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(2,564)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	35,558
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(2,329)
3.5 Proceeds from borrowings	5,000	15,000
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(225)	(4,102)
3.8 Dividends paid	-	-
3.9 Other	-	(9)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>4,775</b>	<b>44,118</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter (June 2023) \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	11,198	21,513
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(12,642)	(59,781)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2,564)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,775	44,118
4.5	Effect of movement in exchange rates on cash held	(96)	(51)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,235</b>	<b>3,235</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> <i>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i>	<b>Current quarter (June 2023) \$A'000</b>	<b>Previous quarter (March 2023) \$A'000</b>
5.1	Bank balances	3,235	11,198
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Restricted cash)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,235</b>	<b>11,198</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter (June 2023) \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	2,825
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Included in item 6.1 are the following payments:		
<ul style="list-style-type: none"> <li>• Directors fees, salaries &amp; wages - A\$0.115 million; and</li> <li>• Payments for construction, harvesting and haulage of harvested &amp; waste salt services made to K19 Mining Pty Ltd, which is related to non-executive director, Mr Brent Smoothy - A\$2.71 million (incl. GST).</li> </ul>		





<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(12,642)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(12,642)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,235
8.5 Unused finance facilities available at quarter end (Item 7.5)	2,563
8.6 Total available funding (Item 8.4 + Item 8.5)	5,798
<b>8.7 Estimated quarters of funding available</b> (Item 8.6 divided by Item 8.3)	<b>0.46</b>
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<b>Answer:</b> No. The Company is targeting a higher level of receipts from customers and improved net operating cash flow as a result of the targeted production ramp up at Beyondie in the coming quarter.	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<b>Answer:</b> Yes. The Company is in continued discussions with its senior lenders in respect of the availability of the remaining A\$5 million undrawn amount of the liquidity facility, which is subject to senior lender discretion following assessment of the SOP plant performance and progress of the strategic process currently underway.  Subsequent to the end of the Quarter, the Company received a net cash amount of approximately \$2.8 million from Ebttec GbR, pursuant to a settlement agreement relating to performance guarantees with respect to the operation of the Company's SOP plant.  The Company is also pursuing other initiatives to support cash flow including the submission of a research and development incentive claim in respect of the financial year ended 30 June 2022. These initiatives are currently subject of continued discussion and remain incomplete.	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<b>Answer:</b> Yes. The Company expects to be able to continue its operations and to meet its business objectives based on its responses to items 1 and 2 above and the continuation of the strategic process.	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **31 July 2023**

Authorised by: **The Board of Directors**  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.